

EXHIBIT Tr. 7/28

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
Case No. 09-11435-jmp; Adv. Case No. 1-09-01132

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In the Matter of:
CHARTER COMMUNICATIONS, INC., et al.,
Debtors.

-----x
JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,
Plaintiff,

-against-
CHARTER COMMUNICATIONS OPERATING, LLC
and CCO HOLDINGS, LLC,
Defendants.

-----x
U.S. Bankruptcy Court
One Bowling Green
New York, New York

July 28, 2009
9:37 AM

B E F O R E:
HON. JAMES M. PECK
U.S. BANKRUPTCY JUDGE

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<p>1 1 billion uncommitted incremental term loan facility to fund 2 SVF requirements in fiscal year '09 and fiscal year '10; 3 (2) refinance the 2.2 billion dollars of CCH II notes that 4 mature in September 2010; and (3) secure an additional 5 approximately 500 million of capital to fund operating losses 6 generated through fiscal year '12, after which point we 7 estimate the Company will break even under our base case 8 assumptions."</p> <p>9 Now, does that describe the factors that you believed were 10 achievable?</p> <p>11 A. Yes, it's a good summary.</p> <p>12 Q. And if those factors were achieved, as you thought was 13 possible, then you expected the CIH notes could be redeemed at 14 par, correct?</p> <p>15 A. Correct.</p> <p>16 Q. Now, if that's the case, why did you say that you had 17 based your investment thesis on the premise that CIH would be 18 the fulcrum security in a potential 2010 restructuring?</p> <p>19 A. Well, I think we were trying to give the senior partners 20 comfort that, should a downside scenario materialize, that we 21 would still receive value for the securities we bought. And we 22 were just trying to base -- be prudent in our investment 23 judgment by looking at that downside scenario.</p> <p>24 Q. Okay. I would like to turn now to the next document in 25 the book, which is Charter Exhibit 368. Do you recognize</p> <p style="text-align: right;">38</p>	<p>1 but --</p> <p>2 Q. Okay.</p> <p>3 A. -- if it's too loud, I apologize. Can --</p> <p>4 MR. ANGIOLILLO: Your Honor, it just causes a 5 distortion.</p> <p>6 THE WITNESS: Okay, can you hear me now?</p> <p>7 MR. ANGIOLILLO: Perfect.</p> <p>8 THE WITNESS: Okay, so I can keep it at that distance.</p> <p>9 BY MR. LEFFELL:</p> <p>10 Q. Now, on the first page I'd like to focus on the second 11 paragraph, and in particular about ten lines from the bottom 12 there's a sentence that begins "Management has been 13 proactively". Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. It says, "Management has been proactively managing the 16 capital structure to address/extend the maturities. And to the 17 extent the Company is successful in re financing the full 1.9 18 billion dollars, our securities are likely to trade up 19 significantly. However, by September 2010, to the extent the 20 current credit environment persists and Charter is unable to 21 refinance the maturities, perpetuating a restructuring 22 scenario, our securities would finance down to a reasonable 23 level in the context of cable valuations. This instills 24 confidence that, should such a scenario materialize, we would 25 be positioned in the fulcrum securities or to generate a cash</p> <p style="text-align: right;">40</p>
<p>1 Charter Exhibit 368, Mr. Zinterhofer?</p> <p>2 A. Yes.</p> <p>3 Q. And did you have any role in preparing it?</p> <p>4 A. I oversaw the preparation of this memo as well.</p> <p>5 Q. And what was its purpose?</p> <p>6 A. Again, I believe this was an update to the group in the 7 late September time frame in light of changing market 8 conditions as regarded Charter.</p> <p>9 Q. And when you say "update to the group", what group are you 10 referring to?</p> <p>11 A. The senior partners.</p> <p>12 Q. Okay. Now, did this document go to the senior partners?</p> <p>13 A. Yes.</p> <p>14 Q. Okay.</p> <p>15 MR. LEFFELL: Your Honor, I would move Charter Exhibit 16 368 into evidence.</p> <p>17 THE COURT: Any objection?</p> <p>18 It's admitted.</p> <p>19 (Update to senior partners in late September 2008 in light of 20 changing market conditions re: Charter was hereby received into 21 evidence as Charter Exhibit 368, as of this date.)</p> <p>22 MR. LEFFELL: Okay.</p> <p>23 Q. Now, Mr. Angiolillo would like you to move away from the 24 microphone a little bit.</p> <p>25 A. Okay. Sorry. I wanted to make sure I was being heard,</p> <p style="text-align: right;">39</p>	<p>1 recovery through a Comcast/Time Warner cable purchase." Do you 2 see that?</p> <p>3 A. Yes, I see it.</p> <p>4 Q. And does that accurately reflect your views about the 5 Charter Investment in -- or as of September 29th, 2008?</p> <p>6 A. Yes.</p> <p>7 Q. Now, what were the possibilities that you were 8 anticipating as described in that passage?</p> <p>9 A. Well, in the first instance, we were still cautiously 10 optimistic that the company could get through 2010 and 11 refinance their capital structure, although at this point, 12 getting into that September time frame with the credit crunch, 13 you know, just really getting going, we were increasingly 14 concerned that that might not happen.</p> <p>15 And so we were looking at 2010, really at two scenarios:</p> <p>16 One is a restructuring, which would have involved a 17 deleveraging of the company; and the second scenario would have 18 been, as part of a distressed process, a sale to a strategic 19 buyer, such as Comcast or Time Warner.</p> <p>20 Q. Okay. And did you -- or did Apollo have any preference -- 21 in the event the company did not make it through 2010, did 22 Apollo have any preference as between the restructuring or the 23 sale to Comcast or Time Warner Cable?</p> <p>24 A. Well, we were focused on maximizing value. So I think the 25 Comcast/Time Warner option, we felt, would generate par for our</p> <p style="text-align: right;">41</p>

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<p>1 securities. I don't think at this point in time we had</p> <p>2 analyzed what our return on investment could be should a</p> <p>3 restructuring occur down the road. But I think what we were</p> <p>4 attempting to do is reassure our partners that in either</p> <p>5 scenario we would be okay from a return on investment, or IRR</p> <p>6 standpoint.</p> <p>7 Q. Okay. Now, as of September 29th, 2008, had you made any</p> <p>8 purchases of Charter securities as part of any agreement or</p> <p>9 collaboration or joint strategy with any other investor?</p> <p>10 A. No.</p> <p>11 Q. And as of September 29th, did you know of anyone else that</p> <p>12 had a significant position in Charter bonds?</p> <p>13 A. Other than what I said earlier about the mutual funds, no.</p> <p>14 Q. Now, from the time of this memo in late September 2008 up</p> <p>15 until mid-December 2008, did Apollo purchase any additional</p> <p>16 Charter securities?</p> <p>17 A. Yes. We bought some CCH I class of securities, and then</p> <p>18 in the December time frame we bought some CCH II debt</p> <p>19 securities.</p> <p>20 Q. And what was the rationale for those purchases?</p> <p>21 A. We continued to be attracted to the yield on CCH I and</p> <p>22 felt like there was enough downside protection should a</p> <p>23 restructuring materialize. And with regards to CCH II, we felt</p> <p>24 that it was very likely that those securities would receive par</p> <p>25 and just generate at a very attractive yield to maturity.</p> <p style="text-align: right;">42</p>	<p>1 in Charter debt?</p> <p>2 A. I may have had a sense at that point that Crestview had</p> <p>3 purchased some bonds, because Jeff had alluded to it to me, but</p> <p>4 beyond that, nothing else.</p> <p>5 Q. Okay. Did you have any sense of how much Crestview held?</p> <p>6 A. I would have -- not really, but it would have -- I would</p> <p>7 have guessed it would have been a small amount given their fund</p> <p>8 is not that large.</p> <p>9 Q. Okay. Now, going back to your conversation with</p> <p>10 Mr. Millstein, what was your reaction when he told you about</p> <p>11 Charter's intentions with respect to the interest payment?</p> <p>12 A. Shot, blindsided is probably how I would describe it.</p> <p>13 There's nothing in, unfortunately, in any of our memos that</p> <p>14 anticipated this or our thought process. We thought the</p> <p>15 company had enough liquidity to get through at least another</p> <p>16 year and a half. Everything we had talked about had been in</p> <p>17 terms of a possible restructuring in 2010 should 1.9 billion of</p> <p>18 debt not be refinanced. But something that soon was pretty</p> <p>19 shocking to us.</p> <p>20 Q. Well, did you view it as a positive opportunity for your</p> <p>21 firm?</p> <p>22 A. No. It was very negative because an important part of our</p> <p>23 thesis is that we were going to de-risk the investment by</p> <p>24 continuing to receive coupons on our debt and de-risk the</p> <p>25 principal amount of our investment. And we talked a lot about</p> <p style="text-align: right;">44</p>
<p>1 Q. Did you contemplate that they would receive par even in</p> <p>2 the event of a restructuring?</p> <p>3 A. Yes. That was our view.</p> <p>4 Q. Okay. Now, did there come a time when you learned about</p> <p>5 proposed restructuring of Charter?</p> <p>6 A. Yes.</p> <p>7 Q. And when was that?</p> <p>8 A. It was approximately the second week of December of 2008.</p> <p>9 Q. And how did you learn about it?</p> <p>10 A. Through a telephone conversation with Jim Millstein of</p> <p>11 Lazard.</p> <p>12 Q. And what did Mr. Millstein tell you in that conversation?</p> <p>13 A. He told us, me, that the company was unwilling to make its</p> <p>14 January interest payment and basically said you're going to</p> <p>15 need to get an ad hoc committee organized to start putting</p> <p>16 forth a restructuring plan as quickly as possible.</p> <p>17 Q. Did he give you any names to contact in connection with</p> <p>18 forming an ad hoc committee?</p> <p>19 A. I don't recall exactly, but I think he did have a sense of</p> <p>20 some of the other large holders --</p> <p>21 Q. Okay.</p> <p>22 A. -- that may have given us guidance on that front.</p> <p>23 Q. Okay. Now, before the time that you spoke to</p> <p>24 Mr. Millstein, what was the extent of your knowledge about</p> <p>25 other investors or other firms that own significant positions</p> <p style="text-align: right;">43</p>	<p>1 that with our partners. Obviously, you know, those coupons</p> <p>2 being cut off a year and a half earlier had a material impact</p> <p>3 on our investment.</p> <p>4 Q. Okay. Now, did you take any action in response to</p> <p>5 Mr. Millstein's comment about organizing a committee?</p> <p>6 A. Well, what I remember is me and one of my partners, Jim</p> <p>7 Zelter, had a telephone conversation with Oaktree, who we found</p> <p>8 out was a significant holder. And then from there, I remember</p> <p>9 a call being organized among a, you know, bigger group of</p> <p>10 people which included a bunch of different people who actually</p> <p>11 became part of the ad hoc committee. And, you know, I think</p> <p>12 from there we started to get more organized.</p> <p>13 Q. Okay. Now, what was discussed on that larger call?</p> <p>14 A. A lot of it was just, again, I think the shock that I</p> <p>15 described was shared by a lot of people. And so a large part</p> <p>16 of the call was devoted to how do we convince the company not</p> <p>17 to do this right now. And then a portion of the call was also,</p> <p>18 I think, devoted to trying to think about how to get advisors</p> <p>19 hired and organized, because one of the things that Jim</p> <p>20 Millstein had tasked us with was going out and getting</p> <p>21 advisors.</p> <p>22 Q. Did he say anything to you regarding the compensation for</p> <p>23 advisors?</p> <p>24 A. Yeah. He told us the company would reimburse us.</p> <p>25 Q. Okay. Now, after this call among bondholders, did anyone</p> <p style="text-align: right;">45</p>

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1 credit.
2 Q. And who were those?
3 A. Ourselves, Franklin, Oaktree, Fidelity, Crestview. Cap Re
4 (ph.) was very involved in certain issues.
5 Q. Okay. And during the course of the restructuring, did you
6 feel that you were working together towards a common goal with
7 the other members of the committee?
8 A. Yes.
9 Q. And what was that goal?
10 A. To consummate a restructuring plan.
11 Q. Now, going back to the time in December when you first
12 learned about Charter's plans with respect to the interest
13 payment, after you heard of that from Mr. Millstein did you
14 purchase any additional Charter bonds?
15 A. We bought some CCH I and, I believe, some CCH II.
16 Q. And why is that?
17 A. Again, we were still attracted to those securities and we
18 felt that, should a restructuring materialize, which looked
19 very likely at that point, that they would still generate
20 value.
21 Q. Did you discuss these purchases with anyone else on the
22 committee?
23 A. No.
24 Q. Did you know whether any other members of the committee
25 were making further purchase of Charter bonds?

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1 A. No.
2 Q. Okay. Now, during the course of the restructuring, did
3 you have any communications with any other committee member
4 regarding appointment of directors?
5 A. Yes.
6 Q. And who did you have communications with on that subject?
7 A. I recall talking to Jeff Marcus about it.
8 Q. Okay. Tell the Court in your own words, to the best of
9 your recollection, the substance of those communications.
10 A. Sure. Jeff had called me. He was concerned that
11 Crestview would not get a director because they would be less
12 than ten percent of the vote, potentially, post-restructuring.
13 And so he was calling to ask for me to be supportive about him
14 becoming a director should that occur. And, you know, I told
15 Jeff I think he's very experienced and, you know, very
16 qualified guy.
17 As an aside, for those who don't know, Jeff Marcus owned
18 Marcus Cable, which we sold to Charter; it's now about twenty
19 percent of Charter's footprint. And Jeff is a very well-
20 respected and knowledgeable cable entrepreneur.
21 Q. Now, when you had this conversation with him, did you
22 consider yourself to be making a commitment to him to support
23 him for a board position?
24 A. No.
25 Q. Do you think you said anything that would lead him to

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1 understand that you were making a commitment?
2 A. No.
3 Q. And did the subject of Crestview's representation on the
4 board come up again after that communication?
5 A. Well, Jeff called me at some point and asked for my
6 support in modifying the plan. As I recall, he was trying to
7 lower the voting threshold from something like ten to six, or
8 some lower number that would -- that Crestview would be -- that
9 they could get a board seat. And I basically said that's a
10 nonstarter, you know, we're not going to do particular things
11 for one party in a plan at this point that's been, you know,
12 been a very tough process in getting everybody to agree on.
13 Q. Did you ever pursue that request with anyone else?
14 A. No.
15 Q. Now, are you familiar with the term "RVP" in connection
16 with the Charter restructuring?
17 A. Yes.
18 Q. And what does it refer to?
19 A. The restructuring value plan.
20 Q. And in layman's terms, what is the restructuring value
21 plan?
22 A. It's an incentive plan for management to consummate the
23 restructuring.
24 Q. And did you have any role in negotiating the RVP?
25 A. Yes.

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1 Q. Tell the Court, in your own words, how those negotiations
2 began and progressed.
3 A. Well, it's another little subchapter in the history of
4 this deal. But, basically, right around -- we had a deadline
5 around February 12th or so, which is when the board was, you
6 know, either going to make the interest payment, or not, that
7 was due in January. And the -- what we needed to do was
8 consummate and sign this term sheet, the restructuring term
9 sheet, by then.
10 About a day or two -- probably two days before that,
11 management basically blindsided us with their request on the
12 RVP, which didn't go over very well with a lot of the committee
13 members. And we were basically in frantic negotiations to try
14 to resolve that in connection with signing the term sheet.
15 Q. And why did you feel you needed to resolve that in
16 connection with signing the term sheet?
17 A. Well, our -- what we were told was that the board was
18 extremely supportive of management and felt management was
19 critical to the plan and, unless management's RVP was resolved
20 they weren't going to sign the term sheet.
21 Q. And if management didn't sign the term sheet, what did you
22 anticipate would happen?
23 A. We anticipated they wouldn't make the interest payment and
24 the company would be in a freefall bankruptcy potentially.
25 Q. I'm going to change subjects now to other deals involving

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